

# FY 2005-06 BUDGET

## BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - SEA RANCH

### A. Program Description

This budget for Sanitation Zone - Sea Ranch (Zone 1) finances administration, operation, and maintenance of the collection system, pumping stations and two treatment plants.

### B. Financial Summary

Section				NET COST/USE OF FUND BALANCE		
	FY 04-05 Adopted	FY 05-06 Requested	Percent Change	FY 04-05 Adopted	FY 05-06 Requested	Percent Change
Operations	\$430,000	\$378,200	(12.05%)	\$80,199	\$22,022	(72.54%)
Construction	527,000	441,000	(16.32%)	503,250	423,500	(15.85%)
<b>TOTAL:</b>	<b>\$957,000</b>	<b>\$819,200</b>	<b>(14.40%)</b>	<b>\$583,449</b>	<b>\$445,522</b>	<b>(23.64%)</b>

### C. Staffing Summary

No staffing is allocated to this index.

### D. Workload Summary

Workload Indicator	FY 03-04 Actual	FY 04-05 Budget Estimate	FY 04-05 Revised Estimate	FY 05-06 Projected	Change from FY 04-05 Budget Estimate
Total ESDs	498	560	529	536	(4.29%)
Total APNs	837	837	837	837	0.00%

### E. Summary of Issues and Significant Changes

The Sea Ranch Sanitation Zone (Sea Ranch SZ) consists of two wastewater collection and treatment systems located in Central and North Sea Ranch. The Central and North Facilities both provide treatment to secondary wastewater treatment standards and are designed to treat average daily dry weather flows of up to 27,000 and 160,000 gallons per day, respectively. Treated wastewater from both facilities is disposed of through irrigation. The Sea Ranch Water Company is under contract to operate and maintain the Sea Ranch SZ facilities for the Agency.

The Sea Ranch Association purchased all of the Sea Ranch Water Company stock in August of 1997. The Sea Ranch Water Company continues to operate as a California Corporation, but has entered into a management agreement with the Association wherein the Association provides supervision, labor, and administrative services to the Sea Ranch Water Company.

The Agency and the Association continue to investigate options for the continued operation of the Sea Ranch SZ. Options being considered include executing an agreement between the Agency and the Association for the continued operation of the sewer facilities and the transfer of all assets, liabilities, and management responsibilities to the Association.

The requested rate per ESD for FY 05-06, annual service charge, is \$675, representing a 5.9% increase from FY 04-05.

from FY 04-05.

**F. Summary of Reduction Options**

No reduction options are proposed.

**G. Attachments**

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

**FY 2005-06 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

**Section Title:** SANITATION ZONE 1 - SEA RANCH - OPERATIONS  
**Section/Index No:** 678102

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
<b>REVENUES:</b>				
<b><u>TAXES</u></b>				
1001 Flat Charges - CY	\$342,451	\$347,328	\$4,877	1.42%
1061 Flat Charges - PY	3,000	3,000	0	0.00%
1120 Penalties / Costs on Taxes	600	600	0	0.00%
<b>Subtotal Taxes</b>	<b>\$346,051</b>	<b>\$350,928</b>	<b>\$4,877</b>	<b>1.41%</b>
<b><u>USE OF MONEY</u></b>				
1700 Interest on Pooled Cash	\$3,750	\$5,250	\$1,500	40.00%
<b>Subtotal Use of Money</b>	<b>\$3,750</b>	<b>\$5,250</b>	<b>\$1,500</b>	<b>40.00%</b>
<b><u>CHARGES FOR SERVICES</u></b>				
3400 Sanitation Services	\$0	\$0	\$0	N/A
<b>Subtotal Charges for Services</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL REVENUES</b>	<b>\$349,801</b>	<b>\$356,178</b>	<b>\$6,377</b>	<b>1.82%</b>

**EXPENDITURES:**

**SERVICES AND SUPPLIES**

6040 Communications	\$5,000	\$5,000	\$0	0.00%
6180 Maintenance - Bldgs / Imp	45,000	45,000	0	0.00%
6522 District Services	40,000	40,000	0	0.00%
6540 Contract Services	120,000	160,000	40,000	33.33%
6573 Administration Costs	3,000	3,200	200	6.67%
6610 Legal Services	1,000	10,000	9,000	900.00%
6630 Audit / Accounting Services	1,000	1,000	0	0.00%
7212 Chemicals	2,000	2,000	0	0.00%
7217 State Permits / Fees	15,000	15,000	0	0.00%
7320 Utilities	32,000	32,000	0	0.00%
<b>Subtotal Services and Supplies</b>	<b>\$264,000</b>	<b>\$313,200</b>	<b>\$49,200</b>	<b>18.64%</b>

**OTHER CHARGES**

7980 Depreciation	\$46,000	\$50,000	\$4,000	8.70%
<b>Subtotal Other Charges</b>	<b>\$46,000</b>	<b>\$50,000</b>	<b>\$4,000</b>	<b>8.70%</b>

**FIXED ASSETS**

8510 Building / Improvements	\$107,000	\$0	(\$107,000)	(100.00%)
<b>Subtotal Fixed Assets</b>	<b>\$107,000</b>	<b>\$0</b>	<b>(\$107,000)</b>	<b>(100.00%)</b>

**FY 2005-06 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

<b>Sub-Object No. and Title</b>	<b>Adopted 2004-05</b>	<b>Requested 2005-06</b>	<b>Difference</b>	<b>Percent Change</b>
<b><u>OTHER FINANCING USES</u></b>				
8625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
<b><i>Subtotal Other Financing Uses</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b><u>APPROPRIATIONS FOR CONT</u></b>				
9000 Appropriations for Contingencies	\$13,000	\$15,000	\$2,000	15.38%
<b><i>Subtotal Approp. for Contin.</i></b>	<b>\$13,000</b>	<b>\$15,000</b>	<b>\$2,000</b>	<b>15.38%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$430,000</b>	<b>\$378,200</b>	<b>(\$51,800)</b>	<b>(12.05%)</b>
<b>TOTAL NET COST</b> <i>(Expenditures Minus Revenues)</i>	<b>\$80,199</b>	<b>\$22,022</b>	<b>(\$58,177)</b>	<b>(72.54%)</b>

**FY 2005-06 BUDGET**  
**CHARACTER JUSTIFICATION**

**Department - Division:** Sonoma County Water Agency - Sanitation  
**Section Title:** Sanitation Zone - Sea Ranch - Operations

**Character Title:** Taxes

**Character No.:** 678102-10

**1001 Flat Charges - CY**

Flat charge revenue from annual service charges is expected to increase from the adopted FY 04-05 budget. The rate will increase 5.9%, from \$637 to \$675.

ESDs times annual rate:	536 x \$675	\$361,800
Less Estimated Delinquency Factor:	4%	(14,472)
		<hr/>
		\$347,328

(See SubObject 3400 for Total ESDs)

**1061 Flat Charges - PY**

This item records the estimated delinquent amount of prior years sewer service charges.

**1120 Penalties / Costs on Taxes**

This item records penalties paid on delinquent sewer service charges.

**Character Title:** Use of Money

**Character No.:** 678102-17

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$210,000
Projected Interest Rate	2.50%
	<hr/>
Projected/Planned Interest on Pooled Cash	\$5,250

**Character Title:** Charges for Service

**Character No.:** 678102-30

**3400 Sanitation Services**

This account is used to record annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges-CY, in the following year.

The budget request for the forthcoming fiscal year assumes no revenue in this account. New hook-ups in this area are unpredictable.

**6040 Communications**

This account records expenses paid by the Zone for outside communication and wireless services, as well as for the cost of alarm services provided by Honeywell.

**6180 Maintenance - Bldgs / Impr**

This account records the cost of parts and materials required to maintain the treatment plant and collection system.

**6522 District Services**

This account records the cost of Agency labor and overhead associated with the operation, maintenance, and administration of the Zone's facilities and equipment, as well as other related service and supply items. We anticipate the need for continued groundwater monitoring, collection system inflow and infiltration investigation, system improvement planning, and general oversight of operations.

**6540 Contract Services**

This account reflects the contract costs for the Sea Ranch Water Company to operate both the North and Central treatment plants. The proposed budget increase to \$160,000, reflects the increase in the Supervision and Overhead Rate and a decrease in the hourly rate charged.

**6573 Administration Costs**

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

**6610 Legal Services**

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

**6630 Audit / Accounting Services**

This item represents the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on the Zone's accounting.

**7212 Chemicals**

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the requirements of the Zone's operating permit (waste discharge requirements), as required by the North Coast Regional Water Quality Control Board.

**7217 State Permits / Fees**

This account records the cost of District permits related to NPDES, as mandated by the Regional Water Quality Control Board.

**7320 Utilities**

This account records the cost of payments made for utilities such as gas, electricity, and water.

**Character Title: Other Charges**

**Character No.: 678102-75**

**7980 Depreciation**

Generally Accepted Accounting Principles require that depreciation be expensed each year.

**Character Title: Fixed Assets**

**Character No.: 678102-85**

**8510 Buildings / Improvements**

This account is used for maintenance of facilities and equipment. No funds will be budgeted for FY 05-06.

**Character Title: Other Financing Uses**

**Character No.: 678102-86**

**8625 OT - W/in Special Dist - BOS**

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year. There will be no transfer for FY 05-06.

**Character Title: Appropriations for Contingencies**

**Character No.: 678102-90**

**9000 Appropriations for Contingencies**

This account provides funding for unanticipated expenditures or revenue shortfalls.

**FY 2005-06 BUDGET**

**STATEMENT OF SPECIAL FUND ACTIVITY**

**Department:** Sonoma County Water Agency - Sanitation

**Section:** Sanitation Zone - Sea Ranch - Operations

**Index No.:** 678102

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
<b>Undesignated/Unreserved <u>BEGINNING</u> Fund Balance</b>			
<b>Available for Budgeting (See Detailed Components Below)</b>	<b>\$198,572</b>	<b>\$177,426</b>	<b>\$202,803</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase fund balance	326,908	352,032	356,178
Expenditures - (Decrease) fund balance	(381,379)	(376,734)	(378,200)
<b>Net Surplus or Deficit - Increase/(Decrease) to fund balance</b>	<b>(54,471)</b>	<b>(24,702)</b>	<b>(22,022)</b>
<b>Adjustments to Reserves/Encumbrances:</b>			
7980 - Depreciation	36,404	47,000	50,000
Change in Encumbrance	(3,079)	3,079	-
<b>Net Adjustment - Increase/(Decrease) to Fund Balance</b>	<b>33,325</b>	<b>50,079</b>	<b>50,000</b>
<b>Undesignated/Unreserved <u>ENDING</u> Fund Balance</b>			
<b>Available for Budgeting</b>	<b>\$177,426</b>	<b>\$202,803</b>	<b>\$230,781</b>
<b>Total Increase/(Decrease) in Fund Balance for Fiscal Year</b> <i>(Difference between Beginning and Ending Balance)</i>	<b>(\$21,146)</b>	<b>\$25,377</b>	<b>\$27,978</b>
<b><u>Fund Balance Components at Beginning of FY</u></b>	<b>7/1/03</b>	<b>7/1/04</b>	
Cash	\$208,370	\$190,910	
Accounts Receivable	5,062	5,997	



# FY 2005-06 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SANITATION ZONE 1 - SEA RANCH - CONSTRUCTION**  
 Section/Index No: **678300**

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
--------------------------	--------------------	----------------------	------------	-------------------

### REVENUES:

#### USE OF MONEY

1700 Interest on Pooled Cash	\$23,750	\$17,500	(\$6,250)	(26.32%)
<b>Subtotal Use of Money</b>	<b>\$23,750</b>	<b>\$17,500</b>	<b>(\$6,250)</b>	<b>(26.32%)</b>

#### ADMINISTRATIVE CONTROL

4200 ENT - LTD Proceeds	\$0	\$0	\$0	N/A
4209 ENT - LTD Proceeds - Clearing	0	0	0	N/A
<b>Subtotal Administrative Control</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

#### OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
<b>Subtotal Other Financing Sources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

<b>TOTAL REVENUES</b>	<b>\$23,750</b>	<b>\$17,500</b>	<b>(\$6,250)</b>	<b>(26.32%)</b>
-----------------------	-----------------	-----------------	------------------	-----------------

### EXPENDITURES:

#### FIXED ASSETS

8510 Buildings / Improvements	\$487,000	\$401,000	(\$86,000)	(17.66%)
9142 Capital Replacement Program	40,000	40,000	0	0.00%
<b>Subtotal Fixed Assets</b>	<b>\$527,000</b>	<b>\$441,000</b>	<b>(\$86,000)</b>	<b>(16.32%)</b>

<b>TOTAL EXPENDITURES</b>	<b>\$527,000</b>	<b>\$441,000</b>	<b>(\$86,000)</b>	<b>(16.32%)</b>
---------------------------	------------------	------------------	-------------------	-----------------

<b>TOTAL NET COST</b>	<b>\$503,250</b>	<b>\$423,500</b>	<b>(\$79,750)</b>	<b>(15.85%)</b>
<i>(Expenditures Minus Revenues)</i>				

## FY 2005-06 BUDGET

### CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Construction

Character Title: Use of Money

Character No.: 678300-17

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$700,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$17,500

Character Title: Administrative Control

Character No.: 678300-42

**4200 ENT- LTD Proceeds**

Due to the delay in the treatment plant consolidation revenue bonds will not be issued until FY 06-07.

**4209 ENT - LTD Proceeds - Clearing**

This is the clearing account for sub-object 4200 ENT - LTD Proceeds.

Character Title: Other Financing Sources

Character No.: 678300-46

**4625 OT - W/in Special Dist - BOS**

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the operations fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year. There will be no transfer for FY 05-06.

Character Title: Fixed Assets

Character No.: 678300-85

**8510 Buildings / Improvements**

This account is used for expenses associated with facility upgrades or expansion of the collection system, lift station, and capacity at the Sea Ranch wastewater treatment facilities. The budgeted items consist of environmental, engineering design, and construction work for the consolidation of the treatment plants. The following projects are planned for the forth coming year:

Building/Improvement	Amount
Treatment Plant Consolidation	\$ 331,000
Calcium Hypochlorite Table Feeder-Central/North Treatment Plant	35,000
Drainage Improvement Storage Pond-North Treatment Plant	5,000
Generator Repair Main Lift Station-Central Treatment Plant	15,000
Implement SCADA All Lift Stations-Central/North Treatment Plant	<u>15,000</u>
Total	<u>\$ 401,000</u>

***9142 Capital Improvement***

The amount requested for the forthcoming year is intended to be used for the replacement of electrical and mechanical equipment (including the replacement of items most likely to reduce operation and maintenance costs). The present electrical equipment is nearly 20 years old so finding replacement parts is difficult and expensive. The mechanical equipment is worn out due to age and the corrosive environment at Sea Ranch.

**FY 2005-06 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

**Department:** Sonoma County Water Agency - Sanitation  
**Section:** Sanitation Zone - Sea Ranch - Construction  
**Index No.:** 678300

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
<b>Undesignated/Unreserved <u>BEGINNING</u> Fund Balance</b>			
<b>Available for Budgeting</b> (See Detailed Components Below)	<b>\$1,044,151</b>	<b>\$1,048,685</b>	<b>\$715,289</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase fund balance	71,971	19,604	17,500
Expenditures - (Decrease) fund balance	(32,060)	(366,952)	(441,000)
<b>Net Surplus or Deficit</b> - Increase/(Decrease) to fund balance	39,911	(347,348)	(423,500)
<b>Adjustments to Reserves/Encumbrances:</b>			
Change in Encumbrances	(13,952)	13,952	-
Capitalized Interest	(21,425)	-	-
Revenue Bond Proceeds	-	-	-
<b>Net Adjustment</b> - Increase/(Decrease) to Fund Balance	(35,377)	13,952	-
<b>Undesignated/Unreserved <u>ENDING</u> Fund Balance</b>			
<b>Available for Budgeting</b>	<b>\$1,048,685</b>	<b>\$715,289</b>	<b>\$291,789</b>
<b>Total Increase/(Decrease) in Fund Balance for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>\$4,534</b>	<b>(\$333,396)</b>	<b>(\$423,500)</b>

<b><u>Fund Balance Components at Beginning of FY</u></b>	<b>7/1/03</b>	<b>7/1/04</b>
Cash	<b>\$1,044,151</b>	<b>\$1,062,637</b>
Encumbrances	-	(13,952)
<b>Total Beginning Fund Balance</b>	<b>\$1,044,151</b>	<b>\$1,048,685</b>